

IC 27-15-2

Chapter 2. Plan of Conversion

IC 27-15-2-1

Commencement of demutualization

Sec. 1. The board of directors of the converting mutual shall commence the demutualization process by adopting a resolution that proposes:

- (1) the amendment of its articles of incorporation under IC 27-1-8-2; and
- (2) a plan of conversion.

As added by P.L.94-1999, SEC.3.

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Required provisions

Sec. 2. The plan of conversion, other than a simple plan of conversion, must do the following in accordance with this article:

- (1) Describe the manner in which the proposed conversion will occur and the insurance and any other companies that will result from or be directly affected by the conversion, including the former mutual and any parent company.
- (2) Provide that the membership interests in the converting mutual will be extinguished as of the effective date of the conversion.
- (3) Require the distribution to the eligible members, upon the extinguishing of their membership interests, of aggregate consideration equal to the fair value of the converting mutual.
- (4) Describe the manner in which the fair value of the converting mutual has been or will be determined.
- (5) Describe the form or forms and amount, if known, of consideration to be distributed to the eligible members.
- (6) Specify relevant classes, categories, or groups of eligible members, and describe and explain any differences in the form or forms and amount of consideration to be distributed to or among the eligible members.
- (7) Require and describe the method or formula for the fair and equitable allocation of the consideration among the eligible members.
- (8) Provide for the determination and preservation of the reasonable dividend expectations of eligible members and other policyholders with policies that provide for the distribution of policy dividends, through establishment of a closed block or other method acceptable to the commissioner.
- (9) Provide that each member and other policyholder of the converting mutual will receive notification of the address and telephone number of the converting mutual and the former mutual, if different, along with the notice of hearing outlined in IC 27-15-4-4.
- (10) Include other provisions as the converting mutual determines to be necessary.

As added by P.L.94-1999, SEC.3.

IC 27-15-2-3

Adoption of simple plan of conversion

Sec. 3 (a) The board of directors of the converting mutual may adopt a simple plan of conversion under this section. The simple plan of conversion must include the following:

- (1) The distribution to the eligible members, upon the extinguishing of their membership interests, of all of the initial issue of the voting common stock of the former mutual or any parent company. The initial issue of the voting common stock may include only one (1) class of stock, and may not include more than one (1) series of stock.
 - (2) Describe the manner in which the proposed conversion will occur and the insurance and any other companies that will result from or be directly affected by the conversion, including the former mutual and any parent company.
 - (3) Provide that the membership interests in the converting mutual will be extinguished as of the effective date of the conversion.
 - (4) Provide for the registration of that distribution of stock under section 5 of the federal Securities Act of 1933, as amended.
 - (5) Specify each separate class, category, or group of eligible members, and describe and explain any differences in the amount of stock to be distributed to or among the eligible members of each separate class, category, or group of eligible members.
 - (6) Require and describe the method or formula for the fair and equitable allocation of the stock among the eligible members.
 - (7) Provide for the determination and preservation of the reasonable dividend expectations of eligible members and other policyholders with policies that provide for the distribution of policy dividends, through the establishment of a closed block or other method acceptable to the commissioner.
- (b) The plan may include other provisions:
- (1) that the converting mutual determines to be necessary; and
 - (2) consistent with this title.

As added by P.L.94-1999, SEC.3.